

U.S.-Panama Trade Promotion Agreement Market Access Results

Agricultural Equipment

Trade and Tariffs

This sector is defined by the Uruguay Round sector initiative on agricultural equipment.

Agricultural equipment accounted for less than 1 percent of U.S. industrial exports to Panama in 2006, totaling \$4.5 million. The top U.S. exports in this sector included agricultural machinery parts, tractors, harvesters, and mowers. Panamanian tariffs range between zero and 10 percent, with an average of 1.6 percent.

Panama exported a negligible amount of agricultural equipment to the United States in 2006. All Panamanian exports in this sector enter the United States duty-free under the Caribbean Basin Economic Recovery Act (CBERA) and Caribbean Basin Trade Promotion Act (CBTPA) tariff preference programs.

Tariff Elimination

Tariffs will be phased-out according to four tariff elimination categories: immediate elimination; linear cuts over five years; linear cuts over ten years; and nonlinear cuts over ten years. Tariff elimination under the nonlinear ten-year staging category will proceed with a 3 percent cut in the tariff in years one and two, a 5 percent cut in years three through six, an 18 percent cut in years seven and eight, and a 19 percent cut each in years nine and ten.

All U.S. exports of agricultural equipment will receive duty-free treatment immediately upon implementation of the Agreement.

The United States agreed to consolidate all CBERA and CBTPA tariff preferences into the final tariff elimination schedule, therefore all agricultural equipment exports from Panama will continue to receive duty-free treatment.

Non-Tariff Barriers

Panama will eliminate its prohibition on the importation of remanufactured agricultural equipment, as defined in Chapter 4—Rules of Origin, on entry into force of the Agreement.